
STATUTORY INSTRUMENTS

2023 No. 1394

The Vehicle Emissions Trading Schemes Order 2023

Part 3

The Trading Schemes

Chapter 1

The Non-Zero-Emission Car Registration Trading Scheme (CRTS)

Interpretation of Chapter 1

9. In this Chapter—

- (a) the retention by a CRTS participant of a CRTS allowance for use for a scheme year later than the scheme year of allocation in accordance with [article 14\(1\)](#) is referred to as “banking” the CRTS allowance;
- (b) a CRTS allowance which is retained for use for a scheme year later than the scheme year of allocation is referred to as a “banked” CRTS allowance;
- (c) the surrender by a CRTS participant, in accordance with [article 15](#), of a CRTS allowance which is due to be allocated to the participant for a future scheme year is referred to as “borrowing” the CRTS allowance;
- (d) a CRTS allowance which is surrendered as described in [paragraph \(c\)](#) is referred to as a “borrowed” CRTS allowance;
- (e) “scheme year of pooling” means a scheme year for which a group of two or more manufacturers is a pool CRTS participant;
- (f) “banked pool allowances” means CRTS allowances which were banked by a pool CRTS participant for a scheme year of pooling and which remain available for use in accordance with [article 14\(1\)](#) for one or more of the scheme years which follow a scheme year of pooling;
- (g) “borrowed pool allowances” means CRTS allowances which were borrowed by a pool CRTS participant for a scheme year of pooling but which were not accounted for in accordance with [article 15](#) for a scheme year of pooling;
- (h) “departing member” means a manufacturer which ceases to be a member of a pool CRTS participant part-way through the trading period;
- (i) “joining manufacturer” means a manufacturer which becomes a member of a pool CRTS participant part-way through the trading period;
- (j) “in-year banked allowances”, in relation to a scheme year of pooling, means CRTS allowances which were available to a pool CRTS participant to account for its activity in the CRTS in accordance with [article 27](#) for that scheme year of pooling, but which were not required by it in order to do so;

- (k) “in-year borrowed allowances”, in relation to a scheme year of pooling, means CRTS allowances which were borrowed by a pool CRTS participant in order to account for its activity in the CRTS for that scheme year of pooling.

Activity to which the CRTS applies and unit of measurement of activity

10.—(1) The activity to which the CRTS applies is the registration of an NZE car during the trading period.

- (2) The unit of measurement of that activity is the registration of one NZE car.

Participants in the CRTS

11.—(1) The manufacturer of a car which is registered during a scheme year is a CRTS participant for that scheme year, subject to paragraph (2).

(2) Two or more manufacturers of a car which is registered during a scheme year are a pool CRTS participant for that scheme year, where the administrator has granted an application made by those manufacturers under [Schedule 5](#) (application by two or more manufacturers to be a pool participant in the Trading Schemes) for that scheme year which relates to the CRTS.

(3) A CRTS participant is a low-volume CRTS participant for a scheme year where that participant meets the criteria to be treated as a low-volume CRTS participant in accordance with [Schedule 4](#).

(4) Where there is any doubt as to the identification of the manufacturer of a car in accordance with paragraph (a) or (b) of the definition of “manufacturer” in [article 3\(1\)](#), the administrator may identify the CRTS participant in relation to the registration of that car.

CRTS allowances and limits on CRTS allowances and CRTS activity

12.—(1) A CRTS allowance is an allowance for the registration of one NZE car.

(2) The total amount of CRTS allowances which may be allocated for the trading period is limited in accordance with [article 13](#).

(3) The total number of units of activity in the CRTS which may be accounted for by the surrender of a CRTS allowance or a CRTS credit in accordance with [article 27](#) for the trading period is limited to the number which results from the following calculation.

Step 1

Calculate the “relevant percentage” for each scheme year which is—

- (a) for the 2024 scheme year, 100%
- (b) for the 2025 scheme year and the 2026 scheme year, the sum of—
 - (i) the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) (percentage of car registrations for calculating CRTS allowances) for that scheme year;
 - (ii) the percentage shown in [article 15\(2\)](#) (limits on borrowed CRTS allowances) for that scheme year; and
 - (iii) the percentage shown in [article 23\(3\) to \(5\)](#) (limits on conversion of unused CCTS allowances into CRTS credits) for that scheme year; and
- (c) for the 2027 scheme year, the 2028 scheme year, the 2029 scheme year and the 2030 scheme year, the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) for that scheme year.

Step 2

Calculate the number of cars registered during the trading period by a low-volume CRTS participant or by a CRTS participant described in [article 13\(4\)](#) or [\(6\)](#).

Step 3

Calculate the total number of cars registered during the trading period, subtract from that number the number obtained at Step 2, and multiply the resulting number by the average of the relevant percentages obtained at Step 1.

Step 4

Calculate the number which is equal to 2.5% of all the cars, vans and SPVs which are registered during the trading period.

Step 5

Calculate the number of ZE SPVs of category M1 of which an SPV car manufacturer is the manufacturer, which were to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date the SPV was registered and which were registered during the trading period, and multiply that number by 0.5.

Step 6

Calculate the number of ZE SPVs of category M1 which are registered during the trading period.

Step 7

Calculate the number of ZE wheelchair accessible SPVs which are registered during the trading period and multiply that number by 0.5.

Step 8

Add together the numbers which result from Steps 2 to 7.

Allocation of CRTS allowances

13.—(1) The administrator must allocate CRTS allowances in accordance with [paragraphs \(2\)](#) to [\(7\)](#), and subject to [paragraph \(8\)](#).

(2) Except where a CRTS participant falls within [paragraph \(3\)](#), or where [paragraph \(5\)](#) or [\(7\)](#) applies, the administrator must allocate to a CRTS participant for each scheme year a number of CRTS allowances which is equal to P multiplied by T, where—

- (a) P is the percentage shown in column 2 of the Table in Part 1 of [Schedule 6](#) for that scheme year; and
- (b) T is the total number of cars of which the CRTS participant is the manufacturer and which were registered during that scheme year.

(3) The administrator must allocate to a low-volume CRTS participant a number of CRTS allowances for a scheme year which is equal to the number of cars of which the low-volume CRTS participant is the manufacturer and which are registered during that scheme year, subject to a maximum of 2,499 CRTS allowances.

(4) [Paragraph \(5\)](#) applies for the purpose of calculating the number of CRTS allowances to be allocated to a CRTS participant where—

- (a) the CRTS participant is not a low-volume CRTS participant for the scheme year for which the calculation is made (referred to in this paragraph and in [paragraph \(5\)](#) as “the transition year”);
- (b) the CRTS participant was a low-volume CRTS participant for the scheme year immediately preceding the transition year; and
- (c) the transition year is not the 2030 scheme year.

(5) Where [this paragraph](#) applies, the administrator must allocate to the CRTS participant a number of CRTS allowances for the transition year which is equal to the higher of—

- (a) the number of cars of which the CRTS participant is the manufacturer and which were registered during the transition year, subject to a maximum of 2,499 CRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the transition year.

(6) [Paragraph \(7\)](#) applies for the purpose of calculating the number of CRTS allowances to be allocated to a CRTS participant which—

- (a) was a low-volume CRTS participant by virtue of [Part 2](#) of [Schedule 4](#) for the 2029 scheme year; and
- (b) is the manufacturer of fewer than 2,500 cars, but more than 999 cars, which were registered during the 2030 scheme year.

(7) Where this paragraph applies, the administrator must allocate to the CRTS participant a number of CRTS allowances for the 2030 scheme year which is equal to the higher of—

- (a) the number of cars of which the CRTS participant is the manufacturer and which were registered during the 2030 scheme year, subject to a maximum of 2,499 CRTS allowances; or
- (b) the number which results from the application of the formula in [paragraph \(2\)](#) for the 2030 scheme year.

(8) The allocation of allowances in accordance with this article may not result in the allocation of part of a CRTS allowance which is smaller than one tenth of a CRTS allowance, and a CRTS participant's allocation of CRTS allowances must, where necessary, be rounded to the nearest decimal place accordingly.

Banking CRTS allowances

14.—(1) A CRTS allowance which is allocated to a CRTS participant in accordance with [article 13](#) for a scheme year (referred to in this article as “the scheme year of allocation”) may be—

- (a) surrendered in accordance with [article 27](#) by that CRTS participant, or by a CRTS participant which acquires the CRTS allowance through trading in accordance with [article 25](#), for the scheme year of allocation or for any of the three subsequent scheme years;
- (b) traded in accordance with [article 25](#) during the trading window following the scheme year of allocation, or the trading window following any of the three subsequent scheme years, by that CRTS participant or by a CRTS participant which acquires the CRTS allowance through trading in accordance with [article 25](#);
- (c) exchanged for CCTS allowances in accordance with [article 35](#) for the scheme year of allocation or for any of the three subsequent scheme years.

(2) A CRTS participant may bank parts of CRTS allowances, but may not bank a part smaller than one tenth of a CRTS allowance.

Borrowing CRTS allowances

15.—(1) Subject to the following provisions of this article, a CRTS participant may, for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year, surrender in accordance with [article 27](#) a number of CRTS allowances which are due to be allocated to it for later scheme years.

(2) A CRTS participant may borrow CRTS allowances provided—

- (a) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2024 scheme year does not exceed 16.5% of the total number of cars of which the participant is manufacturer and which are registered during the 2024 scheme year;
 - (b) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2025 scheme year does not exceed 14% of the total number of cars of which the participant is manufacturer and which are registered during the 2025 scheme year; and
 - (c) the number of CRTS allowances which the CRTS participant borrows to surrender for the 2026 scheme year does not exceed 8.25% of the total number of cars of which the participant is manufacturer and which are registered during the 2026 scheme year.
- (3) The total number of cars of which a CRTS participant is the manufacturer and which are registered during a scheme year is the number notified to the participant by the administrator under article 79.
- (4) A CRTS participant may borrow parts of CRTS allowances, but may not borrow a part smaller than one tenth of a CRTS allowance.
- (5) Where a CRTS participant intends to borrow CRTS allowances in accordance with this article for use for a scheme year—
- (a) the CRTS participant must notify the administrator of that intention, and of the intended number of borrowed CRTS allowances, before the end of the trading window which follows that scheme year; and
 - (b) the administrator must decide whether or not the intended number of borrowed CRTS allowances is appropriate and notify the CRTS participant in writing of that decision.
- (6) A CRTS participant may borrow CRTS allowances which are due to be allocated to it for the 2025 scheme year, the 2026 scheme year or the 2027 scheme year and must account for any borrowed allowances in accordance with the following paragraphs of this article.
- (7) Where a CRTS participant borrows a number of CRTS allowances to surrender for a scheme year, the participant must account for the borrowed allowances by surrendering an equivalent number of CRTS allowances or CRTS credits for the following scheme year or a subsequent scheme year, together with an additional number of CRTS allowances or CRTS credits, calculated in accordance with paragraphs (8) to (11).
- (8) If the CRTS participant accounts for the borrowed allowances for the scheme year which follows immediately after the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
 - (b) an additional number of CRTS allowances or CRTS credits which amounts to 3.5% of the number of borrowed allowances.
- (9) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins one year after the end of the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—
- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
 - (b) an additional number of CRTS allowances or CRTS credits which amounts to 7.12% of the number of borrowed allowances.
- (10) If the CRTS participant accounts for the borrowed allowances for a scheme year which begins two years after the end of the scheme year for which the borrowed allowances were surrendered, the CRTS participant must surrender—

- (a) a number of CRTS allowances or CRTS credits which is equal to the number of borrowed allowances; and
- (b) an additional number of CRTS allowances or CRTS credits which amounts to 10.87% of the number of borrowed allowances.

(11) Where the number of additional CRTS allowances or CRTS credits which is to be surrendered in accordance with [paragraph \(8\)\(b\)](#), [\(9\)\(b\)](#) or [\(10\)\(b\)](#) is not a whole number, the number is to be rounded up to the nearest whole number of allowances or credits.

(12) A CRTS participant must account for a borrowed CRTS allowance for a scheme year no later than the 2027 scheme year.

(13) Where a CRTS participant decides to account for borrowed CRTS allowances for a scheme year earlier than the 2027 scheme year, that participant must notify the administrator of its decision, before the end of the trading window which follows the scheme year for which the participant intends to account for the allowances.

(14) Where a decision by a CRTS participant not to account for borrowed CRTS allowances for a scheme year would result in the participant having banked CRTS allowances standing in its name in the registry for the following scheme year, the CRTS participant must give a notification under [paragraph \(13\)](#) which relates to the number of borrowed CRTS allowances which would prevent that outcome.

(15) A borrowed CRTS allowance may not be traded under [article 25](#).

Banked allowances: pool CRTS participants

16.—(1) The administrator must transfer to a departing member its share of any banked pool allowances, calculated in accordance with [paragraphs \(2\)](#) and [\(3\)](#).

(2) The departing member's share of banked pool allowances is the number which results from adding together the departing member's share of the in-year banked allowances for each of the scheme years of pooling during which it was a member of the pool CRTS participant, calculated in accordance with [paragraph \(3\)](#).

(3) The departing member's share of the in-year banked allowances for a scheme year of pooling is calculated as follows.

Step 1

Calculate "PZE", which is the number of ZE cars of which the pool CRTS participant is treated as being the manufacturer in accordance with [article 8\(3\)](#) and which were registered during the scheme year of pooling.

Step 2

Calculate "MZE", which is the number of ZE cars of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

Step 3

Divide MZE by PZE.

Step 4

The departing member's share of the in-year banked allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(4) A departing member may use its share of the banked pool allowances in accordance with [article 14](#), as if those allowances had been allocated to it for the scheme year of pooling for which they were allocated to the pool CRTS participant.

(5) Any banked CRTS allowances which remain available for use in accordance with [article 14](#) by a joining manufacturer may be used by the pool CRTS participant in accordance with [article 14](#)

during the scheme years of pooling, as if those allowances had been allocated to the pool CRTS participant for the scheme year for which they were allocated to the joining manufacturer.

(6) The administrator must update the registry to reflect the apportionment of banked pool allowances in accordance with this article.

Borrowed allowances: pool CRTS participants

17.—(1) A departing member’s share of the borrowed pool allowances is the number of CRTS allowances which results from adding together the departing member’s share of the in-year borrowed allowances for each of the scheme years of pooling during which it was a member of the pool CRTS participant, calculated in accordance with paragraph (2).

(2) The departing member’s share of the in-year borrowed allowances for a scheme year of pooling is calculated as follows.

Step 1

Calculate “PNZE”, which is the number of NZE cars of which the pool CRTS participant is treated as being the manufacturer in accordance with [article 8\(3\)](#) and which were registered during the scheme year of pooling.

Step 2

Calculate “MNZE”, which is the number of NZE cars of which the departing member is the manufacturer and which were registered during the scheme year of pooling.

Step 3

Divide MNZE by PNZE.

Step 4

The departing member’s share of the in-year borrowed allowances for a scheme year of pooling is the number of those allowances multiplied by the number obtained at step 3.

(3) A departing member must account for its share of the borrowed pool allowances in accordance with [article 15\(7\)](#), as if those allowances had been borrowed by the departing member for the scheme year of pooling for which they were borrowed by the pool CRTS participant.

(4) Any borrowed CRTS allowances which have not been accounted for by a joining manufacturer in accordance with [article 15\(7\)](#) must be so accounted for by the pool CRTS participant for the scheme years of pooling, as if those allowances had been borrowed by the pool CRTS participant for the scheme year for which they were borrowed by the joining manufacturer.

(5) The administrator must update the registry to reflect the apportionment of borrowed CRTS allowances in accordance with this article.

CRTS credits: general

18.—(1) A CRTS participant may acquire a CRTS credit in accordance with articles [19](#), [20](#) and [23](#).

(2) Where it acquires a CRTS credit for a scheme year, a CRTS participant may—

(a) surrender that CRTS credit for that scheme year in accordance with [article 27](#); or

(b) trade the credit in accordance with [article 25](#) during the trading window following that scheme year.

(3) An SPV car manufacturer may acquire a CRTS credit in accordance with [article 21](#) or [22](#).

(4) An SPV car manufacturer may trade a credit acquired for a scheme year in accordance with [article 26](#) during the trading window following that scheme year.

(5) Where a CRTS participant or an SPV car manufacturer acquires a CRTS credit in accordance with [articles 19](#) to [23](#), the administrator must update the registry accordingly.

CRTS credits: registration of ZE SPVs (CRTS participants)

19.—(1) Subject to paragraph (3), a CRTS participant acquires a CRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year;
- (b) is a vehicle of category M1; and
- (c) is not a ZE wheelchair accessible SPV.

(2) Subject to paragraph (3), a CRTS participant acquires one and a half CRTS credits for a scheme year for each ZE wheelchair accessible SPV of which it is the manufacturer and which is registered during the scheme year.

(3) A CRTS participant may not acquire a number of CRTS credits in accordance with this article for a scheme year which exceeds the number which is the greater of—

- (a) the number of CRTS allowances allocated to that participant in accordance with [article 13](#) for the scheme year; or
- (b) the number of units of activity in the CRTS which that participant has for the scheme year, measured in accordance with [article 24](#).

CRTS credits: car clubs (CRTS participants)

20.—(1) Subject to paragraph (6), a CRTS participant acquires half a CRTS credit for a scheme year (in addition to any CRTS credit acquired under [article 19](#) where applicable) for each ZE car or ZE SPV of category M1—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by a CRTS participant under paragraph (1) if—

- (a) the administrator gives written notice to the CRTS participant that it is satisfied that a ZE car or ZE SPV of category M1 mentioned in [paragraph \(1\)\(a\)](#) is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); and
- (b) the CRTS participant has not traded that half CRTS credit in accordance with [article 25](#) nor surrendered it in accordance with [article 27](#).

(3) Where a CRTS participant receives, before 1st November 2031, a notice from the administrator in accordance with [paragraph \(2\)\(a\)](#) and it has traded in accordance with [article 25](#), or surrendered in accordance with [article 27](#), a half CRTS credit acquired under [paragraph \(1\)](#) to which that notice applies, that participant must account for each such half CRTS credit in accordance with [article 27\(1\)\(b\)](#).

(4) A CRTS participant must comply with the obligation in paragraph (3)—

- (a) for the scheme year for which the administrator is satisfied that a ZE car or ZE SPV of category M1 is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); or
- (b) for the 2030 scheme year, where the administrator is so satisfied after the end of 2030 scheme year but before 1st November 2031.

(5) The administrator may not give a notice in accordance with [paragraph \(2\)\(a\)](#) where—

- (a) a car club has ceased to use a ZE car or ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and

(b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002(1).

(6) A CRTS participant may not acquire a number of CRTS credits for a scheme year in accordance with this article which exceeds 2.5% of the number of cars, vans and SPVs of which that participant is the manufacturer and which were registered during the scheme year.

CRTS credits: registration of ZE SPVs (SPV car manufacturers)

21.—(1) An SPV car manufacturer acquires a CRTS credit for a scheme year for each ZE SPV of which it is the manufacturer and which—

- (a) is registered during the scheme year;
- (b) is a vehicle of category M1; and
- (c) is not a ZE wheelchair accessible SPV.

(2) An SPV car manufacturer acquires one and a half CRTS credits for a scheme year for each ZE wheelchair accessible SPV of which it is the manufacturer and which is registered during a scheme year.

CRTS credits: car clubs (SPV car manufacturers)

22.—(1) Subject to paragraph (3), an SPV car manufacturer acquires half a CRTS credit for a scheme year (in addition to any CRTS credit acquired under [article 21](#) where applicable) for each ZE SPV of category M1—

- (a) of which it is the manufacturer and which is registered during the scheme year; and
- (b) which is to be used exclusively by a car club for the provision of a car club service for a period of 18 months from the date it is registered.

(2) The administrator must record in the registry the expiry of a half CRTS credit acquired by an SPV car manufacturer under [paragraph \(1\)](#) if—

- (a) the administrator gives written notice to the SPV car manufacturer that it is satisfied that a ZE SPV mentioned in [paragraph \(1\)\(a\)](#) is not being, or has not been, used in accordance with [paragraph \(1\)\(b\)](#); and
- (b) the SPV car manufacturer has not traded that half CRTS credit in accordance with [article 26](#).

(3) Where an SPV car manufacturer receives, before 1st November 2031, a notice from the administrator in accordance with [paragraph \(2\)\(a\)](#) and it has traded in accordance with [article 26](#) a half CRTS credit acquired under [paragraph \(1\)](#) to which that notice applies, the SPV car manufacturer must forfeit a half CRTS credit to which it becomes entitled under [paragraph \(1\)](#) for each half CRTS credit to which the notice relates.

(4) The administrator may not give a notice in accordance with [paragraph \(2\)\(a\)](#) where—

- (a) a car club has ceased to use a ZE SPV for the purposes of offering a car club service because the vehicle has sustained damage; and
- (b) the Secretary of State has been notified of that in accordance with paragraph 1 or 2 of Schedule 3A to the Road Vehicles (Registration and Licensing) Regulations 2002.

CRTS credits: conversion of unused CCTS allowances

23.—(1) A CRTS participant may acquire one CRTS credit in exchange for 167 unused CCTS allowances by making a request to the administrator if—

(1) [S.I. 2002/2742](#). Schedule 3A was inserted by [S.I. 2015/1657](#).

- (a) the CRTS participant's number of units of activity in the CCTS in a scheme year does not exceed the number of CCTS allowances which were allocated to it in accordance with [article 34](#) for that year;
 - (b) the CRTS participant has more CCTS allowances than it requires in order to comply with [article 38\(1\)](#) (accounting for activity in the CCTS) for that scheme year (referred to in this article as "unused CCTS allowances"); and
 - (c) the unused CCTS allowances were allocated by the administrator for the 2024 scheme year, the 2025 scheme year or the 2026 scheme year.
- (2) A request under [paragraph \(1\)](#)—
- (a) must be made during the trading window following the scheme year for which the unused CCTS allowances were allocated; and
 - (b) must be for a whole number of CRTS credits.
- (3) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2024 scheme year is limited to a number of CRTS credits which does not exceed 14.3% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (4) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2025 scheme year is limited to a number of CRTS credits which does not exceed 12.6% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (5) A request under [paragraph \(1\)](#) to exchange unused CCTS allowances allocated for the 2026 scheme year is limited to a number of CRTS credits which does not exceed 8.25% of the number of CRTS allowances allocated to the CRTS participant for that scheme year.
- (6) A CRTS credit acquired in accordance with this article may not be traded under [article 25](#).

Measuring activity in the CRTS

24. A CRTS participant's number of units of activity in the CRTS during a scheme year is the number of NZE cars of which the participant is the manufacturer and which are registered during that scheme year, as notified to the participant by the administrator in accordance with [article 79](#).

Trading CRTS allowances and credits: CRTS participants

25.—(1) During a trading window, a CRTS participant may trade any CRTS allowances or CRTS credits with another CRTS participant, but may not trade—

- (a) a CRTS allowance which was borrowed in accordance with [article 15](#); or
- (b) a CRTS credit which was acquired in accordance with [article 23](#) (conversion of unused CCTS allowances).

(2) A CRTS participant may trade parts of CRTS allowances or CRTS credits, but may not trade a part smaller than one tenth of a CRTS allowance or CRTS credit.

(3) Each CRTS participant which is party to a trade must, before the end of the trading window, notify the administrator of the trade and each notification must include—

- (a) the name and account number in the registry of the CRTS participant which is the transferor;
- (b) the name and account number in the registry of the CRTS participant which is the transferee;
- (c) the number of CRTS allowances or CRTS credits traded; and
- (d) the price paid for those CRTS allowances or CRTS credits.

(4) A CRTS participant which trades a CRTS allowance or a CRTS credit in accordance with this article must inform the other party to the trade of their account number in the registry.

(5) Where a CRTS participant is a pool CRTS participant, a reference in this article to a CRTS participant's account number is a reference to the account number of the manufacturer identified to the administrator in accordance with—

- (a) [paragraph 5\(c\)\(i\) of Schedule 5](#) (application to be treated as a pool participant) in the application made under that Schedule; or
- (b) [article 83\(1\)](#) (updating information provided with application under [Schedule 5](#)).

(6) Where a trade is notified in accordance with [paragraph \(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(7) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Trading CRTS credits: SPV car manufacturers

26.—(1) An SPV car manufacturer may trade CRTS credits acquired by it under [article 21](#) or [22](#) in accordance with [paragraphs \(2\) and \(3\)](#).

(2) During the trading window following the scheme year for which a CRTS credit was acquired by an SPV car manufacturer, the SPV car manufacturer may trade the CRTS credit by way of disposing of it to a CRTS participant.

(3) A trade under [paragraph \(2\)](#) must comply with [paragraphs \(2\) to \(5\) of article 25](#), as if references to a CRTS participant in those paragraphs (except for the reference in [paragraph \(3\)\(b\)](#)) include an SPV car manufacturer.

(4) Where a trade is notified in accordance with [article 25\(3\)](#), the administrator must update the registry and notify the parties to the trade accordingly.

(5) Unless the administrator is satisfied that notification of a trade has been given in accordance with this article, the trade is treated as not having taken place.

Accounting for activity in the CRTS

27.—(1) For each scheme year, and no later than 31st December of the year following a scheme year, a CRTS participant must account for—

- (a) each unit of its activity in the CRTS, measured in accordance with [article 24](#), by surrendering a CRTS allowance or a CRTS credit;
- (b) each half CRTS credit which the participant must account for in accordance with [article 20\(3\)](#) (car clubs), by surrendering a half CRTS allowance or a half CRTS credit; and
- (c) any additional CRTS allowances or CRTS credits which the participant must surrender, or which it chooses to surrender, for that scheme year in accordance with [article 15\(7\)](#) (accounting for borrowed CRTS allowances).

(2) A CRTS participant must surrender in accordance with [paragraph \(1\)](#) CRTS allowances and CRTS credits which are recorded in its name in the registry, including any CRTS allowances or CRTS credits acquired through trading in accordance with [article 25](#) or [26](#), in the following order of priority—

- (a) CRTS credits;
- (b) CRTS allowances which were allocated by the administrator for the scheme year for which the surrender is made;
- (c) borrowed CRTS allowances;

(d) banked CRTS allowances.

(3) The administrator must update the registry to record the surrender of CRTS allowances and CRTS credits.

Payments: CRTS

28.—(1) Where a CRTS participant has insufficient CRTS allowances or CRTS credits to account for the matters in [article 27\(1\)](#) for a scheme year, it must make a payment to the administrator.

(2) The payment amount is £15,000 for—

- (a) each unit of the CRTS participant’s activity in the CRTS during the scheme year, measured in accordance with [article 24](#), which the participant does not account for by surrendering a CRTS allowance or a CRTS credit to the administrator on or before the 31st December of the year following that scheme year;
- (b) each CRTS credit which the CRTS participant must account for in accordance with [article 20\(3\)](#) (car clubs) for the scheme year, and which the participant does not account for by surrendering a CRTS allowance or a CRTS credit to the administrator on or before the 31st December of the year following that scheme year; and
- (c) each additional CRTS allowance which the CRTS participant must account for in accordance with [article 15\(7\)](#) (borrowed CRTS allowances) for the scheme year and which the participant does not account for by surrendering a CRTS allowance or CRTS credit to the administrator on or before the 31st December of the year following that scheme year.

(3) The administrator must give a CRTS participant notice of a requirement to make a payment in accordance with this article (referred to in this article as a “payment notice”).

(4) A payment notice must be in writing and must set out—

- (a) the amount of the payment and how the amount is calculated;
- (b) the date by which payment must be made, which must not be less than 30 days after the date on which the notice is given;
- (c) that payment must be made to the administrator;
- (d) how payment must be made; and
- (e) information about rights of appeal.

(5) A CRTS participant which receives a payment notice under this article must make the payment in accordance with the notice.

(6) The administrator must pay any payment received under this article into the consolidated fund.

Banked or borrowed CRTS allowances of former CRTS participants

29.—(1) This article applies to a person who—

- (a) was a CRTS participant, or a member of a pool CRTS participant, for a scheme year;
- (b) is no longer a CRTS participant or a member of a pool CRTS participant for the subsequent scheme year; and
- (c) has banked CRTS allowances standing in their name in the registry or has not yet accounted for borrowed CRTS allowances in accordance with [article 15](#).

(2) In this article, a person described in paragraph (1) is referred to as a “former CRTS participant”, and the first scheme year for which the person no longer participates in the CRTS, as described in paragraph (1)(b), is referred to as the “first non-participation scheme year”.

(3) A former CRTS participant may dispose of a banked CRTS allowance referred to in [paragraph \(1\)\(c\)](#) through trading in accordance with [article 25](#) during the trading window which

follows the first non-participation scheme year, as if references in that article to a CRTS participant (except for the reference in [paragraph \(3\)\(b\)](#)) include the former CRTS participant.

(4) A former CRTS participant must account for a borrowed CRTS allowance referred to in [paragraph \(1\)\(c\)](#) in accordance with [article 15](#) before the end of the trading window which follows the first non-participation scheme year.

(5) A former CRTS participant may comply with the obligation in [paragraph \(4\)](#) by—

- (a) surrendering a banked CRTS allowance;
- (b) acquiring a CRTS allowance or CRTS credit during the trading window which follows the first non-participation scheme year through trading in accordance with [article 25](#) or [26](#), as if references in those articles to a CRTS participant include the former CRTS participant, and surrendering that allowance or credit; or
- (c) making a payment in accordance with [article 28](#).

Expiry of CRTS allowances and CRTS credits

30.—(1) The administrator must record in the registry the expiry of a CRTS allowance, including a CRTS allowance which has been traded in accordance with [article 25](#), which is—

- (a) surrendered by a CRTS participant in accordance with [article 27](#);
- (b) not surrendered by a CRTS participant for—
 - (i) the scheme year for which it was allocated;
 - (ii) any of the three subsequent scheme years; or
 - (iii) a scheme year earlier than the scheme year for which it was due to be allocated, in accordance with [article 15](#) (borrowing CRTS allowances);
- (c) not surrendered by a former CRTS participant in accordance with [article 29\(5\)\(a\)](#); or
- (d) converted into CCTS allowances in accordance with [article 35](#).

(2) The administrator must record in the registry the expiry of a CRTS credit, including a CRTS credit which has been traded in accordance with [article 25](#) or [26](#), which is—

- (a) surrendered by a CRTS participant in accordance with [article 27](#); or
- (b) not surrendered by a CRTS participant for the scheme year for which the credit was acquired.